

Message Text

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71

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 COME-00 EB-11 SEC-03 L-03 EA-11

TRSE-00 AID-20 CIAE-00 INR-10 NSAE-00 PA-04 RSC-01

USIA-15 PRS-01 SPC-03 DRC-01 /124 W

----- 110140

R 121500Z DEC 73

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 3090

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

SAN SALVADOR ALSO FOR AGATT

E. O. 11652: N/A

TAGS: ETRD EAGR NU

SUBJECT: COTTON: WAR OF NERVES HEIGHTENS

REF: MANAGUA 4379

1. THE WAR OF NERVES BETWEEN NICARAGUAN COTTON
GROWERS AND FOREIGN, MOSTLY US, BROKERS HAS
HEIGHTENED IN RECENT WEEKS AS THE 1973/74 CROP
APPROACHES HARVEST. THE BLOQUE NACIONAL
DE PRODUCTORES DE ALGODON HAS STEPPED UP ITS PUBLIC
CAMPAIGN URGING GROWERS TO CHALLENGE FUTURES
CONTRACTS AND ISSUED AN ULTIMATUM TO BROKERS TO
RENEGOTIATE CONTRACTS BY DECEMBER 2 OR LOSE
THE COTTON. THE BROKERS RESPONDED WITH TOTAL SILENCE.
THE BLOQUE HAS ALSO ISSUED STATEMENTS CLAIMING TO HAVE
FOUND ALTERNATE BUYERS AT CURRENT WORLD PRICES AND
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URGING GROWERS TO SIGN UP QUICKLY. THE STATEMENTS

IMPLY THE BUYERS ARE TAIWANESE, BUT THE CHINESE
AMBASSADOR TOLD AN EMBOFF RECENTLY THESE CLAIMS ARE
PURE BLUFF.

2. WALTER CLARK, PRESIDENT OF COTTON IMPORT AND
EXPORT COMPANY OF DALLAS, CALLED ON AMBASSADOR
DECEMBER 7 ACCOMPANIED BY LOCAL WEIL BROTHERS REPRESENTATIVE.
THEY EXPRESSED CONCERN OVER THE SITUATION, PARTICULARLY
THE FACT THAT THE BLOQUE PROPAGANDA WAS NOT BEING COUNTERED
TO ENCOURAGE THE "MAJORITY OF HONEST GROWERS" TO DELIVER
ON CONTRACTS. NONETHELESS, THEY FELT THEIR BEST TACTIC
PSYCHOLOGICALLY WAS CONTINUED SILENCE.

3. IN THE COURSE OF THE DISCUSSION, CLARK AT ONE
POINT SUGGESTED IT MIGHT BE POSSIBLE TO WORK OUT A
DEAL ALONG THE LINES OF THE "MEXICAN SOLUTION" AND
OFFERED TO SEND THE AMBASSADOR A COPY. HOWEVER, THE
FOLLOWING MONDAY THE WEIL BROTHERS REPRESENTATIVE
CALLED AN EMBOFF TO SAY THEY HAD OBTAINED A COPY OF THE
"MEXICAN SOLUTION" AND IT DIFFERED CONSIDERABLY FROM
THEIR EARLIER UNDERSTANDING. ACCORDINGLY, THE BROKERS
FEEL THEIR BEST BET FOR THE TIME BEING IS TO SIT
TIGHT AND SEE WHAT HAPPENS. HE PROMISED TO KEEP
EMBASSY INFORMED OF THE SITUATION AS IT DEVELOPS.
SHELTON

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NNN

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